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C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 000149

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SECSTATE PASS AGRICULTURE ELECTRONICALLY

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TAGS: [ECON](#) [PGOV](#) [VE](#)

SUBJECT: AMBASSADOR VISITS BARQUISIMETO AND LARA STATE

Classified By: Classified by Deputy Chief of Mission Philip C.French, f  
or reason 1.4(d).

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SUMMARY  
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1. (C) Ambassador and Mrs. Duddy visited Barquisimeto and Lara state January 30 - February 1. During the visit, the Ambassador met with local church and business leaders and civil society, all of whom agreed that support for Chavez was being affected by food shortages and a general lack of personal security. The Ambassador also highlighted the Embassy's involvement in the region through a visit to the local American Corner and the donation of books and computer equipment to needy public schools. Press coverage was ample and positive throughout the visit. Repeated requests for meetings with the pro-government Mayor and Governor were denied. The American Corner event was affected by last minute threats by the Ministry of Education to sanction anyone accepting donations from the United States. END SUMMARY.

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WE DO NEED SOME EDUCATION  
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2. (C) The Ambassador began his official visit by breakfasting with Orlando Molina Garcia, the rector of Yacambu University (UY). The rector was concerned by the BRV's attempts to impose itself upon university education (which is protected in the constitution). Molina estimated that his student body was approximately 70-30 in favor of the opposition, and added that this number had gone up in the past year after having been evenly divided. The university has begun a new focus on environmental studies and sustainable development and the rector intimated his eagerness at working with the Embassy to bring speakers and develop curriculum in these areas.

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HOPING FOR MORE SEPARATION OF CHURCH FROM STATE  
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3. (C) Ambassador Duddy then met with Tulio Manuel Chirivella, the archbishop of Barquisimeto. The two discussed the church's relationship with the government and the government's attempts to dictate the church's educational programs. According to Monsignor Chirivella, the Church continues to dialogue with both the governor's and mayor's offices to "maintain the peace" between church and state. However, he also noted that it was complicated given

President Chavez' "repugnant" attitudes. As it does throughout Venezuela, the church is active in education in Lara, sponsoring a network of catholic schools throughout the region. The archbishop worried about the increasing pressure placed on schools by the government to adapt their curriculum and accept direction, though he joked that most of the officials pressuring the Church themselves had their children in church schools. Furthermore, the Archbishop lamented the lack of resources that in some cases limited their activities in the barrios, but believed that the "population is with the church" and would not chose Chavismo over their religion. Chavez' overreaching has, for Chirivella, led to dissatisfaction, which coupled with the failures of state-led businesses to provide jobs or productive capacity, has led to a diminution of support in the province.

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CAPITALISM WORKS  
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15. (SBU) The Chocolate El Rey factory in Barquisimeto produces some of Venezuela's best known and highest quality chocolate for domestic consumption and export. Run by former Vice Minister of Agriculture (and IVP participant) Cesar Guevara, the factory has expanded rapidly in recent years and has helped to revive the Venezuelan chocolate industry. Venezuelan cacao production is mostly a small-scale enterprise, with farmers and cooperatives cultivating three to five hectare plots for sale to the large chocolate producers. Guevara related to the Ambassador how the company started a large cacao plantation in the 1990s, only to have it invaded by a pro-Chavez landless movement, which destroyed the crops and then abandoned the land. Guevara also emphasized the company's dedication to its workforce, which includes frequent company meetings, schooling opportunities,

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and expanded private health care coverage for all of its workers. Due to its proactive stance, Guevara felt that they had been able to avoid the labor troubles that plague much of Venezuelan industry.

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THE TIMES, THEY ARE A'CHANGING  
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16. (C) The local Fedecamaras (the umbrella chamber of commerce) chapter hosted the Ambassador and Mrs. Duddy at a luncheon that included representatives of the major industries in the region. The participants noted that the political climate in Barquisimeto had moderated over the past year and believed that Chavez' support had dipped below fifty percent in the region. The Mayor of Barquisimeto, while aligned with Chavismo, is considered more pragmatic than the governor and has been receptive to business. He is expected to run for governor, setting up a potential split within Chavismo as the current governor (a former Lt. Colonel and coupster) is attempting to get his son elected to the position. The business leaders were optimistic that they could present a united opposition candidate to take city hall and would also be competitive in the gubernatorial election.

17. (C) Despite their optimistic views of the political situation, many conveyed their concerns to the Ambassador, including a severe lack of physical security (kidnappings are frequent) and governmental policies that increasingly make doing business in Venezuela unprofitable.

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A PUBLIC FACE  
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18. (C) The Ambassador then visited the local American Corner, located in the Colegio de Abogados (the local Bar association) of Barquisimeto. The President and Treasurer of the Colegio were eager to highlight their support for the

American Corner and desire for it to expand its activities even more, noting the popularity of its classes and programming.

¶9. (C) After the meeting, the Ambassador toured the Corner and met with a children's English class. The Ambassador and Mrs. Duddy presented the children with books and chatted with them in front of the press. The Ambassador then held a brief press conference, highlighting our desire to work with the Venezuelan government to fight drug trafficking, noting that while Venezuela did not produce drugs, it was a main transit country. Ambassador Duddy also emphasized the importance of U.S.-Venezuelan trade, noting that it surpassed USD 46 billion in 2006 and may exceed USD 50 billion in 2007. He also drew attention to the positive effects of exchanges between the two countries, noting the benefits of Fulbright scholar programs and English language fellows (one of whom teaches at Barquisimeto's pedagogical university).

¶11. (C) Following the press availability, the Ambassador announced the donation of 400 books and 4 computers to the local Pedagogical University (UPEL). The Embassy originally intended to donate this equipment to two impoverished public schools in Barquisimeto, however at the last minute the schools were contacted by the state's Ministry of Education supervisor who informed them in no uncertain terms that they were not allowed to accept the donations, and that those individual teachers or administrators who attended the donation ceremony could lose their jobs. UPEL subsequently and quietly donated the equipment and books to these two schools a day later.

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AMERICAN COMPANIES REMAIN STRONG  
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¶12. (SBU) The executive committee of the local Venezuelan American Chamber of Commerce (VENAMCHAM) hosted the Ambassador and Mrs. Duddy at a cocktail, where they highlighted the range of businesses activities pursued by the VenAmCham's members. The central-western branch of VenAmCham has over 400 members and participants in the cocktail conveyed their security concerns and the difficulties of doing business caused by government intervention in the private sector.

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MAKING BEAUTIFUL MUSIC

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¶13. (C) The Lara Symphony Orchestra invited the Ambassador and Mrs. Duddy to their concert January 31. The Ambassador attended the concert accompanied by Francisco Leone Durante, rector of the Universidad Centro-Occidental Lisandro Alvarado (UCLA), Barquisimeto's largest public university. The symphony's music was accompanied by the rector's comments, which included his belief that Chavez' support was waning amongst both professors and the student body.

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MAKING NEWS  
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¶14. (C) Diario El Informador, Barquisimeto's largest newspaper, hosted the Ambassador at a breakfast on February ¶1. The founding Carmona family still runs the newspaper and they provided the Ambassador with an overview of their various business activities and views on the mood of the population in the region. According to the various family members, Venezuela's food shortages are a direct result of government intervention, noting that five years ago, Venezuela produced 90 percent of its milk consumption, and today only 50 percent. They attributed this decline in production to price controls and estimated that it could take

up to 10 years to recuperate the lost production. In addition, many were concerned about kidnappings, with one attendee noting that his teenage daughter did not go outdoors other than to travel between home and school.

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VENEZUELA'S BREAD BASKET  
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¶15. (C) The Ambassador visited with the major agricultural producer's association, Asoportuguesa in the town of Acarigua on February 1. The association, a major food producer in Venezuela's breadbasket, was quick to observe the debilitating affects of BRV intervention in their industry. Commenting on recent efforts to prevent "smuggling" of Venezuelan food products into Colombia (where they can be sold at a higher price), attendees noted that this policy had essentially stopped trade in the border area as well as with Colombia. One producer commented to AgCons that high-level BRV officials knew the problems that the BRV's policies were causing, but were so wedded to these policies and the accompanying rhetoric that the officials could not change. Selective subsidies and subsidized sales through Mercal and PDVAL (PDVSA's new agricultural marketing subsidiary) only aggravate the problem for people trying to eke out a profit without subsidies.

¶16. (C) The producers also observed that the government was, in effect, subsidizing food imports from the United States. For example, a kilo of rice is regulated at BsF. 50 cents; however it costs the equivalent of BsF. 1 abroad. The government has been paying market prices internationally to buy rice from the United States and other producers. However, the BRV will only pay the regulated price to local producers. For the producers, the only solution to Venezuela's shortage problems is to eliminate price controls and to allow market forces to operate.

¶17. (C) The nation's largest sugar refinery, Azucero Portuguesa, hosted the Ambassador for a plant tour and lunch. The sugar mill processes over 400 truckloads of sugar cane daily, about 80 percent of which goes to the beverage industry (primarily Coca-Cola and Pepsi products). The manager, a Cuban emigre with U.S. citizenship, noted that they had remained profitable despite price controls by increasing efficiency, though he worried that this would not be possible forever given rising costs and declining local sugar production.

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CLEANING UP WITH PROCTOR AND GAMBLE  
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¶18. (SBU) The Ambassador's last visit during his trip to Barquisimeto was to Proctor and Gamble's (PG) local detergent factory. President for Venezuela and the Andean Region, Alberto Duenas downplayed rumors of PG's imminent withdrawal from Venezuela. According to Duenas, only ancillary regional offices were moving out of Caracas as part of a normal review process. The PG factories in Barquisimeto and outside of Caracas along with their headquarters in Caracas and the

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research and design facility focusing on low income consumers will remain. (Comment: Other post contacts have said that the withdrawal is much larger and indicative of many companies' desires to reduce their exposure to the inherent economic and political risks associated with Venezuela. End Comment.)

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COMMENT  
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¶19. (C) The Ambassador's first visit to Barquisimeto and the region served to highlight the Embassy's outreach efforts and

engage new contacts to work with the Embassy in educational and cultural activities. Press coverage was heavy both locally and nationally, and focused mostly on the Ambassador's positive message of continued trade between the countries and potential future collaboration in the fight against drug trafficking. While perhaps only representative of a certain portion of the electorate, most contacts agreed that Chavez' support has waned and that there was an increasing realization that BRV policies were causing the food shortages in this agricultural region. BRV officials' typical refusals to meet with the Ambassador were expected, and coupled with the last minute politicking at the public schools were an unfortunate reminder that the BRV remains wary of dealing with the USG. END COMMENT.

DUDDY